

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 EB-11 NIC-01 DRC-01 /128 W

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P R 021825Z JUL 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC PRIORITY 3557

INFO AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMCONSUL BELIZE

C O N F I D E N T I A L SECTION 1 OF 2 GUATEMALA 3546

E.O. 11652: GDS

TAGS: PINT, GT

SUBJECT: INAUGURATION DAY ADDRESSES

SUMMARY: INAUGURATION DAY ADDRESSES BY DEPARTING PRESIDENT ARANA AND INCOMING PRESIDENT LAUGERUD BOTH EMPHASIZED URGENT NECESSITY OF SOLVING GUATEMALA'S SERIOUS SOCIAL AND ECONOMIC PROBLEMS. ARANA WAS HARSHLY CRITICAL OF POWERFUL ECONOMIC INTERESTS' FAILURE TO COOPERATE WITH HIS ADMINISTRATION'S DEVELOPMENT PROGRAMS AND WARNED THAT RECALCITRANCE OF THOSE INTERESTS COULD LEAD TO VIOLENT REVOLUTION. LAUGERUD APPEALED TO SAME POWERFUL INTERESTS TO COOPERATE WITH HIM IN FULFILLING CAMPAIGN PLEDGE TO EFFECT BASIC REFORMS WHICH COULD CREATE WELL-BEING FOR THE HAVE-NOTS WITHOUT TAKING IT AWAY FROM THE HAVES. END SUMMARY.

1. IN SHORT BUT INCISIVE FAREWELL SPEECH, ARANA RECALLED THAT FOUR YEARS AGO HE ASSUMED PRESIDENCY OF A COUNTRY "TERRORIZED, DESTROYED AND DOMINATED BY THE ARMED  
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VIOLENCE OF THE EXTREME LEFT." IN HIS 1970 INAUGURAL ADDRESS

HE HAD STRESSED THAT THE PACIFICATION OF THE COUNTRY WOULD REQUIRE A PROGRAM OF ECONOMIC DEVELOPMENT AND SOCIAL PROGRESS. ON LEAVING OFFICE, ARANA EXPRESSED SATISFACTION THAT THE EXTREME LEFT HAD BEEN DEFEATED AS AN ORGANIZED MOVEMENT AND THAT THE SOCIAL FACTORS WHICH HAD STIMULATED POLITICAL SUBVERSION HAD BEEN DIMINISHED.

2. UNFORTUNATELY, THE EXITING PRESIDENT OBSERVED, HIS GOVERNMENT'S EFFORTS TO ACHIEVE SOCIAL AND ECONOMIC PROGRESS HAD NOT RECEIVED "THE REQUIRED SUPPORT FROM THE PRIVATE SECTOR OF GREATEST ECONOMIC POWER," MANY OF WHOSE MEMBERS THINK THEY CAN LIVE LIKE "12TH CENTURY FEUDAL LORDS," HAPPILY ISOLATED FROM THE "WANTS, FRUSTRATIONS AND RESENTMENTS OF THEIR SUBJECTS." ARANA WARNED THAT IF THE POWERFUL ECONOMIC ELEMENTS DID NOT MODIFY THEIR CONDUCT, "IT COULD BE JUSTIFIED (SE PODRA JUSTIFICAR) THAT THOSE WHO HAVE NOTHING RISE UP SOME DAY, OVERTHROWING BY VIOLENT REVOLUTION THE OPPRESSIVE STRUCTURE."

3. IN HIS FINAL ACT AS PRESIDENT, ARANA CALLED FOR ALL GUATEMALANS TO UNITE TO WORK TOGETHER FOR A MORE EQUITABLE WELL-BEING (BIENESTAR). TO FACILITATE GOVERNMENT ACTION, HE RECOMMENDED THE SIMPLIFICATION OF ADMINISTRATIVE PROCEDURES.

4. IN CLOSING, THE DEPARTING PRESIDENT EXPRESSED HIS GRATEFULNESS TO THE PEOPLE OF THE INTERIOR OF THE COUNTRY, FOR THEIR UNDERSTANDING OF THE SINCERITY OF HIS EFFORTS FOR THEM, AND TO THE ARMY, WHICH HAD BEEN "GUARDIAN OF THE INSTITUTIONS" DURING HIS ADMINISTRATION.

5. GENERAL LAUGERUD STRESSED AT THE BEGINNING OF HIS INAUGURAL ADDRESS THAT THE PRESIDENTIAL SUCCESSION WAS THE RESULT OF FREE ELECTIONS IN WHICH THE WILL OF THE MAJORITY HAD BEEN RATIFIED BY CONGRESS. NOTING THAT HE UNDERSTOOD THAT "THE PARTIES WHICH DID NOT OBTAIN THE ELECTORAL MAJORITY QUESTIONED THE POPULAR DECISION SHOWN IN THE BALLOT BOXES," THE NEW PRESIDENT CALLED FOR AN END TO THE STRUGGLE FOR POWER AND THE BEGINNING OF CONSTRUCTIVE ACTIVITY. HE REAFFIRMED HIS CAMPAIGN PLEDGE

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TO BE "PRESIDENT OF ALL GUATEMALANS AND NOT A PRESIDENT OF PARTIES, NOR OF GROUPS, NOR OF SECTS."

6. THE GUATEMALAN OF TODAY, LAUGERUD TOLD HIS AUDIENCE, WAS CHARACTERIZED BY "ECONOMIC DISEQUILIBRIUM, SOCIAL CRISES, POLITICAL DEFORMATION AND MORAL DETERIORATION." HE WARNED THAT IN SMALL COUNTRIES LIKE GUATEMALA SOCIAL INEQUITIES CREATED THE CONSTANT DANGER OF A CONFLAGRATION.

REPEATING ONE OF HIS MAIN CAMPAIGN SLOGANS, LAUGERUD PROMISED A POLICY OF BASIC REFORMS AND CHANGES WHICH WOULD CREATE WELL-BEING FOR THE HAVE-NOTS WITHOUT TAKING IT AWAY FROM THE HAVES. HE APPEALED TO THE MOST POWERFUL ECONOMIC SECTOR OF THE COUNTRY TO VOLUNTARILY SUPPORT HIM IN THIS ENDEAVOR, WARINING THAT THE ALTERNATIVE WOULD BE THAT THE DISADVANTAGED WOULD TURN TO SOCIALLY DESTRUCTIVE COURSES OF ACTION.

7. THE INTERNATIONAL ECONOMIC SITUATION, LAUGERUD SAID, PORTENDED THAT THE COMING YEARS WOULD BE DIFFICULT, BUT HE PROMISED AN EFFECTIVE PROGRAM TO RESTRAIN AND REDUCE THE RISING COST OF LIVING.

8. TURNING TO FOREIGN RELATIONS, LAUGERUD EXPRESSED FAITH IN THE IDEAL OF CENTRAL AMERICAN UNITY, AND CALLED FOR NOT JUST A COMMON MARKET, BUT A "COMMON TERRITORY AND COMMON CENTRAL AMERICAN OBJECTIVE."

9. IN AN APPEAL FOR CONGRESSIONAL COOPERATION WITH THE EXECUTIVE, LAUGERUD CALLED UPON THE LEGISLATORS TO REPRESENT THE ENTIRE NATION RATHER THAN POLITICAL GROUPS OR LIMITED INTERESTS. PROMISING TO MAINTAIN THE DEMOCRATIC SYSTEM, LAUGERUD STATED THAT DISAGREEMENTS AND CONFRONTATIONS OF POSITIONS AND IDEOLOGIES HAD THEIR LEGAL PLACE, BUT WARNED THAT ALL EXTRALEGAL ACTIVITIES WOULD BE SEVERELY SANCTIONED.

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INFO AMEMBASSY MANAGUA

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C O N F I D E N T I A L SECTION 2 OF 2 GUATEMALA 3546

10. THE NEW PRESIDENT CONCLUDED BY EXPRESSING HIS RESPECT AND RECOGNITION TO ARANA FOR HIS SERVICE TO GUATEMALA, WHICH "WILL BE JUDGED BETTER TOMORROW THAN TODAY." HE PROMISED THAT NOTHING BEGUN BY THE ARANA ADMINISTRATION WOULD BE LEFT UNCOMPLETED.

11. COMMENT: ARANA'S COMPLAINTS CONCERNING LACK OF COOPERATION FROM THE PRIVATE SECTOR ECHO SIMILAR STATEMENTS HE MADE DURING HIS ADMINISTRATION, MOST FORCEFULLY DURING A SEPTEMBER 1972 INDEPENDENCE DAY SPEECH (SEE GUATEMALA 4160, 20 SEPTEMBER 1972). THE BITTER TONE OF HIS JULY 1 REMARKS MAY REFLECT A BELIEF THAT THE PRIVATE SECTOR'S FAILURE TO SUPPORT HIS DEVELOPMENT EFFORTS SABOTAGED THE LAUGERUD ELECTION CAMPAIGN. LAUGERUD'S INAUGURAL ADDRESS, LIKE MUCH OF HIS REMARKS TO THE PRESS IN RECENT WEEKS, SEEMED DESIGNED TO WARN AGAINST OVER-OPTIMISM TOWARD GOVERNMENT EFFORTS TO SOLVE SERIOUS ECONOMIC PROBLEMS, PROBLEMS WHICH WERE MAJOR FACTOR IN ELECTION OUTCOME UNFAVORABLE TO LAUGERUD. LAUGERUD SPEECH ALSO APPEARED CONFIDENTIAL

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AIMED AT STRESSING HIS INDEPENDENCE FROM POLITICAL PARTIES, ALREADY MADE CLEAR IN CABINET SELECTIONS. IN VIEW OF EXPERIENCE OF LAST FOUR YEARS, MOST RECENTLY EXEMPLIFIED BY EXPORT TAX FIASCO, WE BELIEVE LAUGERUD'S APPEAL FOR VOLUNTARY COOPERATION OF PRIVATE SECTOR IS LIKELY TO FALL ON DEAF EARS. IN RECENT PRIVATE COMMENTS TO US, LAUGERUD HAS SAID HE IS PREPARED TO FORCE WEALTHY TO CONTRIBUTE IF THEY REFUSE TO DO SO VOLUNTARILY. IF LAUGERUD CHOOSES TO EXERT REAL PRESSURE ON ECONOMIC INTERESTS, I.E. INCREASED TAX ACTION, HE CAN COUNT ON FULL SUPPORT OF ARMY. HOWEVER, HE WILL PROBABLY FIND IT VERY DIFFICULT TO GET SUCH MEASURES THROUGH CONGRESS, AND MIGHT IN THE END BE FORCED TO THREATEN TO DISSOLVE CONGRESS, AS PRESIDENT ARANA DID WHEN HE FORCED THROUGH APPROVAL OF THE SALE OF EMPRESA ELECTRICA. JUST HOW HARD AND SKILLFULLY LAUGERUD WILL PUSH FOR THE REFORMS HE KNOWS ARE NEEDED REMAINS TO BE SEEN. END COMMENT.  
MELOY

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INAUGURATION, PRESIDENT, GOVERNMENT REFORM, ECONOMIC DEVELOPMENT, ECONOMIC CONDITIONS, SPEECHES, PUBLIC ADMINISTRATION, DEVELOPMENT PROGRAMS, SOCIAL CHANGE, POLITICAL SITUATION, PRESIDENTIAL SUCCESSION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** shawdg  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974GUATEM03546  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Previous Handling Restrictions:** n/a  
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**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 SEP 2002 by rowelle0>; APPROVED <14 FEB 2003 by shawdg>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INAUGURATION DAY ADDRESSES SUMMARY: INAUGURATION DAY ADDRESSES BY DEPARTING  
**TAGS:** PINT, GT, (ARANA), (LAUGERUD)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005